

Doron F. Eghbali Business Planning Law Blog on Lawyers.com

[How to Select Your Business Partner](#)

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Many entrepreneurs seek friendly advice, financial resources or skills of a partner to launch their business. Nonetheless, entrepreneurs should approach a partnership as seriously as they would choose their mates with wisdom, prudence and patience. The following could be useful in selection of a business partner:

1. Need for Business Partner

The first question is whether a potential entrepreneur needs a partner. An entrepreneur needs a business partner only if the business partner provides a valuable asset to the business that the entrepreneur lacks, such as money, skills or connections. Indeed, many times an entrepreneur could hire a potential partner to take advantage of that person's connections or skills without splitting profits or relinquishing partial control of the business.

2. Communication

It is vitally important that partners be able to talk to each other. They need to respectfully voice their logical concerns and ideas without fear.

3. Some Questions to Ask of Your Potential Business Partner

1. Do you share at least some business ideas, ideals, and professional values with your partner necessary to sustain and thrive your business?
2. Do you trust each other?
3. How would you share losses and profits?
4. How would you handle unsolicited interference of a significant other in your business?
5. How would you deal with unethical behavior by your partner?
6. How would you resolve disagreements?
7. How would you handle making important decisions?
8. How would you handle addition of a new partner?
9. How would you handle leaving of one partner?
10. Who would decide about the change or modification of your business philosophy?
11. Who would run daily operations?
12. Who would run marketing?

These are just some of the most important questions.

But, do not forget every partnership agreement should include three very important clauses: *Compensation, Exit Clauses and Roles and Responsibilities.*

4. Friends and Families As Partners

If you are contemplating partnering up with families or friends, the same principles set forth above apply. Take your time and ask the same questions you would ask of yourself and your family or friend, as if the business partner friend or family were a stranger.

5. Put Your Agreement in Writing

It is vitally important to put your partnership agreement in writing. A written and executed partnership agreement forestalls problems down the road and provides an authoritative source to which partners could refer for guidance.